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Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-05 ITC-01 TRSE-00 PRS-01 SP-02 SOE-01 OMB-01
DOE-12 SIL-01 NSCE-00 SSO-00 USIE-00 INRE-00
GSA-02 EA-10 NEA-10 /125 W
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O 211934Z DEC 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 3923
INFO ALL EC CAPITALS
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USEEC
GENEVA ALSO FOR USMTN
E.O. 11652: N/A
TAGS: EEC, EIND, ETRD
SUBJECT: EC DECISION ON STEEL IMPORTS

REF: BRUSSELS 18991

1. MISSION OFFICER ASKED EC STEEL DIRECTOR MAURICE SCHAEFFER ON DECEMBER 21 FOR FURTHER DETAILS OF DECISION OF COUNCIL OF MINISTERS ON STEEL IMPORTS. SCHAEFFER SAID THAT THE TEMPORARY SYSTEM IMPOSED BETWEEN JANUARY AND APRIL 1, 1978 SHOULD BE THOUGHT OF AS A HIGHLY ACCELERATED ANTI-DUMPING PROCEDURE. WHILE NOT IDEAL IN ITSELF, SCHAEFFER SAID IT IS BETTER THAN EITHER THE IMPOSITION OF AN EC-WIDE STATIC SYSTEM OF PROTECTION OR HAVING INDIVIDUAL MEMBER STATES TAKE MEASURES ON THEIR OWN TO RESTRICT IMPORTS. SCHAEFFER SAID THAT WHAT SHOULD BE KEPT IN MIND IS THAT THE FINANCIAL SITUATION OF MOST
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EC STEEL OPERATIONS IS VERY GRIM, THAT INDIVIDUAL MEMBER STATES WERE LIKELY TO TAKE ACTION ON THEIR OWN AND THE FACT THAT THE US HAD ANNOUNCED CERTAIN MEASURES OF ITS OWN HAD INCREASED PRESSURE HERE. HE SAID THAT, BARRING SOME NEW DEVELOPMENT, MEMBER STATES WILL AWAIT THE COMMISSION REPORT AT THE END OF MARCH RATHER THAN ACTING ON THEIR OWN IN THE INTERIM.

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2. IN RESPONSE TO QUESTION, SCHAEFFER SAID THAT THE COMMISSION DOES NOT YET HAVE CLEAR IDEAS ON THE BASE PRICES BUT THAT THESE WILL NEED TO BE IN EFFECT BY JANUARY 1. HE CONFIRMED THAT IN GENERAL THE COMMISSION EXPECTS TO USE JAPAN AND SOUTH KOREA AS COUNTRIES WITH THE LOWEST PRODUCTION COSTS. HE SAID HE HOPED THAT MEETINGS WHICH HIS STAFF MEMBER JOHN PETERS HAS HAD IN WASHINGTON THIS WEEK WILL PROVIDE USEFUL FIGURES ON PRICES.

3. WITH RESPECT TO NEGOTIATIONS WITH EXPORTING COUNTRIES, MISSION OFFICER ASKED PRECISELY WHAT COMMISSION WOULD SEEK TO OBTAIN FROM JAPAN AND OTHER EXPORTING COUNTRIES WITH REGARD TO GUARANTEES, I.E. WOULD PRICE GUARANTEE SUPPLEMENT OR REPLACE QUANTITATIVE GUARANTEES WHICH ARE ALREADY IN PLACE FOR A NUMBER OF COUNTRIES. SCHAEFFER REPLIED THAT COMMISSION WANTS BOTH TO CONTINUE THE EXISTING QUANTITATIVE ARRANGEMENTS AND TO ADD PRICING UNDERSTANDINGS TO THEM. HE SAID COMMISSION OBJECTIVES ARE RELATIVELY MODEST. THEY WANT TO RAISE PRICES ON IMPORTS BY ABOUT 15 TO 20 IN ORDER TO ALLOW A BREATHING SPACE FOR FINANCIALLY TROUBLED DOMESTIC INDUSTRY. SCHAEFFER INDICATED THAT COMMISSIONER DAVIGNON HAS ALREADY HAD PRELIMINARY CONTACTS WITH SOME OF THE EFTA COUNTRIES AND THAT ALL OF THE COUNTRIES WITH WHOM THE COMMUNITY WOULD SEEK ARRANGEMENTS WOULD MOST LIKELY BE NOTIFIED BEFORE THE END OF THE YEAR.
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ACTUAL DISCUSSIONS ON SUBSTANCE WERE NOT LIKELY UNTIL AFTER THE NEW YEAR.

4. SCHAEFFER STATED THAT THE EC FELT THAT ITS DECISION WAS IN LINE WITH THE GENERAL CONCLUSIONS IN THE OECD ON STEEL AND THAT THIS WAS THE REASON FOR THE OECD CITATION IN THE COUNCIL DECISION. HE SAID THAT THE COMMUNITY WOULD BE READY TO DISCUSS THE DECISION IN THE OECD FRAMEWORK, ALTHOUGH NO THOUGHT HAD BEEN GIVEN TO AN EARLY MEETING OF THE OECD AD HOC GROUP.

5. MISSION OFFICER STATED THAT THERE WAS AS YET NO OFFICIAL USG REACTION TO COUNCIL DECISION BUT THAT HIS PERSONAL REACTION WAS THAT THE COMMUNITY HAD EMBARKED ON A DANGEROUS PATH ON STEEL, CONSIDERABLY WIDER THAN ANYTHING US HAD DONE. HINTON

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Message Attributes

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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
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